

KEY STAKEHOLDER INTERVIEWS OF RURAL EMPLOYERS AND EMPLOYEE BENEFIT SPECIALISTS

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Introduction

As a subset of the larger rural provider interview project (see report entitled “Rural Health Care Provider Interviews: Developing a Strong Rural Health Care Infrastructure – Challenges and Successes”), the Arizona Health Care Cost Containment Administration (AHCCCSA) interviewed a small group of rural employers and employee benefit specialists who were considered to be major purchasers of health care in their rural communities. The project goals were to gain 1) a better understanding of the strategies used by these employers to ensure accessible and affordable coverage for their employees as well as themselves and 2) an insight as to the barriers these purchasers faced in providing health care to their employees.

AHCCCSA contacted rural employers who were identified by a Statewide Health Care Insurance Plan Task Force member as being major purchasers of health care in rural areas of the State. These identified purchasers were all local public employers, representing city or county government. The questionnaire used for the employer interviews was modeled off of the questionnaire from the rural provider interviews (see Attachment A). In addition to three (3) telephone interviews, written responses to the questionnaire were received from two (2) of the employers. Thus, five (5) interviews were conducted in total, representing the following rural employers:

- Yavapai County
- City of Safford
- Lake Havasu City
- Mohave County
- Graham County

The purpose of this document is to provide a summary of the responses from the rural employer interviews conducted by AHCCCSA.

Summary of Findings

Type of Coverage Offered

All the employers interviewed said they were partially self-insured which they felt was working very well, having been using this approach anywhere from 8 to 15 years. Several interviewees commented that it had been instrumental in allowing them to hold down their health care costs, especially in terms of minimizing the need to pass increases on to their employees. In addition to purchasing a reinsurance policy for claims above a set level (e.g., \$100,000), the employers all contract with various individual entities to provide consulting and actuarial services, to pay claims and to provide utilization management, prior authorization, and case management

services. In general, all of the interviewees are offering their employees a Preferred Provider Organization (PPO) type of plan. The basic provider network for the PPO is leased from Blue Cross / Blue Shield with some additional but limited direct contracting with providers. Pharmacy benefit management companies are also under contract to manage pharmacy services.

Table 1 provides a comparison of key components of the PPO coverage plans being offered by the interviewees. Some common characteristics as well as differences among the employers interviewed are:

- The employer generally covers 100% of the premium for the employee (the only exception was Mohave County, which requires employees to pay a nominal \$8.27 per month towards the cost of the premium).
- For dependent coverage, employers require employees to pay anywhere from 20% to 65% of the monthly premium.
- In order to qualify for coverage employees generally have to work a minimum of 20 hours with most requiring 32 to 40 hours per week.
- Co-pays and deductibles vary among the employer plans.

Only two (2) of the interviewees offer alternative coverage options in addition to their PPO plan. Both Mohave and Yavapai Counties recently began to offer a medical savings account as an additional option. During the first year approximately 5% to 7% of the employers selected this option. Yavapai County also offers an alternative benefit option plan designed for those employees who cannot afford to purchase family coverage. This alternative allows the employees to mix and match so one can potentially get both employee and dependent coverage free if one does not exceed the county premium contribution for the employee. This option is essentially viewed as providing major medical coverage and was viewed as a way to minimize the number of uninsured employees.

Recent and/or Future Changes in Coverage

Most of the interviewees had recently made modifications to their benefit structures in order to address increasing health care costs. These changes included:

- Increasing deductibles and co-pays particularly in the area of pharmacy
- Instituting a drug formulary
- Increasing employee premium contributions for dependent coverage

Several employers interviewed opted to absorb the increase in premiums instead of passing it on to their employees.

Yavapai County was considering moving to more of a cafeteria plan in which employees could pick and choose what services they wanted. Additionally, consideration was being given to using the County AHCCCS health plan especially if the County was able to be successful in their bid to become an AHCCCS acute care health plan.

Issues Encountered in Offering Coverage

Lack of provider competition was identified by the interviewees as one of the key problems encountered in offering health care coverage to employees. As with the rural provider interviewees, these employers said physicians often will only take a certain number of patients and/or have closed panels, making it difficult for new patients in particular to get into see a doctor and for employers to negotiate rates. In addition, since there is only one hospital in each of the rural communities, the hospital is able to “charge triple the rates offered by urban hospitals”.

Another common issue raised was the lack of specialists in the rural communities and/or a lack of confidence by the patient in the specialty care offered in the community. As a result, patients often have to travel great distances to be able to access the care they need.

Other issue identified included:

- Health insurance costs are more expensive in the rural areas
- Unwillingness of employees to use local behavioral health providers due to the stigma

Coverage Options Not Available

Several interviewees noted that health maintenance organizations (HMO) were not an available option in their areas. There was also a recognition this type of coverage was not likely to be offered in the rural areas any time soon. If it was, it was noted the HMO plan would need to be well managed given the recent problems with Premier.

Barriers to Accessing Health Care

As with the rural provider interviews, the employer interviewees also sighted lack of transportation as a barrier to accessing health care services in their rural communities. In particular, out-of-town transportation was noted as being problematic. As discussed above, the limited availability of physicians (both specialists and primary care) and behavioral health providers was also seen as a barrier to obtaining care. Several of the interviewees felt these barriers were more of an issue for retirees living in their communities. Several interviewees saw the limited access to providers as leading to an increased use in the local emergency rooms.

Reasons Employers Opt Not to Offer Health Coverage

Not surprisingly, it was felt many employers in the community did not offer health insurance to their employees because of the high insurance costs. One interviewee gave an example of an ambulance company moving from a group plan to individual plans for each of their employees as

a strategy to save money. Another interviewee felt Healthcare Group had not initially been promoted in the community and now with its rates “skyrocketing” it would be of limited use in providing small-employers with affordable coverage options.

Legislative Action to Improve Health Care Infrastructure

Employer interviewees in general focused on the need for the State Legislature to address both the rising costs of health care in the rural areas as well as the lack of available rural provider networks. Specific suggestions offered included:

- Increase reimbursement rates for rural physicians, while limiting the rates charged by rural hospitals.
- Develop incentives (i.e., tax breaks) so more physicians will be willing to practice in rural communities.
- Make the AHCCCS network available to both employees as well as retirees.
- Require the coverage and premiums offered by insurers to be the same in the rural and urban areas of the State.
- Increase the size of the purchasing pools, e.g., combine all governmental pools into one large pools (e.g., state, county, city, allow small businesses to join together with other businesses).

Health Plan Action to Improve Purchasing of Coverage

Since all the employers interviewed were self-insured, the interviewees did not really have any suggestions to make as to what private health care companies could do to assist them in purchasing and providing coverage to their employers.

Table 1: Comparison of Key Components of the PPO Employer Coverage Plans (Limited to In-Network)

Key Plan Components	Employer Interviewees				
	Yavapai County	City of Safford	Lake Havasu City	Mohave County	Graham County
# Of Employers	1200	190	425	1000	214
Employer Contribution: <ul style="list-style-type: none"> Employee Dependent 	<ul style="list-style-type: none"> 100% 35% 	Employee contributes \$30.	<ul style="list-style-type: none"> 100% 80% 	<ul style="list-style-type: none"> 97.5% 82.5% 	<ul style="list-style-type: none"> 100% 78%
Eligibility	32 hours/week	20 hours/week	40 hours/week	32 hours/week	32 hours/week
Benefit Coverage	Broad coverage	Broad coverage	Broad coverage	Broad coverage	Broad coverage
Additional Services Pointed Out By Interviewees			LASIK eye surgery, acupuncture	Emphasis on wellness program	
Out-Of-Pocket Maximum: <ul style="list-style-type: none"> Individual Family 	<ul style="list-style-type: none"> \$1500 \$3000 	<ul style="list-style-type: none"> \$1650 \$4950 	<ul style="list-style-type: none"> \$1500 \$3000 	<ul style="list-style-type: none"> \$1000 \$3000 	\$7000 (not different for family / individual)
Deductibles: <ul style="list-style-type: none"> Individual Family 	<ul style="list-style-type: none"> \$250 \$500 	<ul style="list-style-type: none"> \$150 \$450 	<ul style="list-style-type: none"> \$300/year \$300/year 	<ul style="list-style-type: none"> \$150/year \$450/year 	<ul style="list-style-type: none"> \$200/year \$600/year
Major Medical: <ul style="list-style-type: none"> Hospital ER 	<ul style="list-style-type: none"> 80% 80% 	<ul style="list-style-type: none"> 90% 90% (\$50 deductible) 	<ul style="list-style-type: none"> 80% 80% 	<ul style="list-style-type: none"> 80% 80% (\$50 deductible) 	<ul style="list-style-type: none"> 90% \$100/visit
Basic Services: <ul style="list-style-type: none"> Physician Lab 	<ul style="list-style-type: none"> \$20 co-pay 80% 	<ul style="list-style-type: none"> \$15 co-pay 90% 	<ul style="list-style-type: none"> \$15 co-pay \$15 co-pay 	<ul style="list-style-type: none"> \$15 co-pay \$15 co-pay 	<ul style="list-style-type: none"> \$15 co-pay \$15 co-pay
Pharmacy: <ul style="list-style-type: none"> Generic Brand Non-formulary 	<ul style="list-style-type: none"> 20% (min \$10) 20% + cost difference 	<ul style="list-style-type: none"> 25% 35% 	<ul style="list-style-type: none"> \$5 co-pay \$15 co-pay 	<ul style="list-style-type: none"> \$7 co-pay \$20 co-pay \$35 co-pay 	<ul style="list-style-type: none"> \$7 co-pay \$20 co-pay \$35 co-pay

ATTACHMENT A: RURAL EMPLOYER INTERVIEW QUESTIONNAIRE

1. What type of coverage (services) is currently being offered? (employees, employer group)
 - Alternative coverage options
 - Benefit package limitations
 - Co-pays, deductibles
 - Family coverage
 - Eligibility of part-time vs. full time employee
 - Employee contribution
 - Take-up rate by employees
2. Are you considering changing how you purchase coverage in the future, e.g., increasing the co-pays or employee contribution, moving to a consumer directed plan (medical savings plan)?
3. As an employer in a rural area, what are some of the problems you have in terms of being able to offer (or keep) coverage to your employees?
4. Are there coverage options that are currently not available in your community that you would like to purchase?
5. Even if a person has “coverage” do you feel that there are barriers that one encounters in terms of being able to access health care services in your community?
6. Why do other employers in your community not offer health care coverage to their employees? What type of strategies could be implemented to prompt these employers to offer coverage and/or for employers to opt for the coverage offered.
7. What two (2) things do you feel the State Legislature could do to improve the health care infrastructure in the rural areas of the State?
8. What two (2) things do you feel the private health care companies from which you purchase coverage could do to assist you in purchasing and providing coverage to your employees?